

POLICY & PROCESS



Manassas Railroad Depot

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The City's operating budget is made up of accounts that are organized into funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operation of each fund is accounted for with a self-balancing set of accounts. All the funds budgets are balanced - the total amount of revenues, including transfers in from other funds, equals the total amount of expenditures, including transfers out to other funds. Revenues for a balanced budget may include transfers from fund balance and expenditures for a balanced budget may include transfers to fund balance.

The City's operating budget is prepared using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues from the use of money and property and from intergovernmental grants are recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 60 days thereafter. The primary revenues susceptible to accrual include property taxes, sales taxes, other local taxes, and intergovernmental revenues. The legal and contractual requirements of the individual programs are used as guidance. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The level of control, or level of which expenditures may not legally exceed the budget, is at the fund level for all funds except MCPS. The level of control for the MCPS is the total appropriation. Any change in appropriation level of the fund must be approved by the City Council. Budgets are administratively controlled at the department level for all funds except MCPS. Department Directors may transfer appropriations within a department within a fund. The City Manager may approve transfers of appropriations between departments within a fund and transfers between funds of \$50,000 or less. Transfers of appropriations between departments within a fund and transfers between funds of \$10,001 - \$50,000 are forwarded to the City Council as an item for the Consent Agenda. City Council must approve all transfers between funds greater than \$50,000.

All transfers of budget and appropriations to and from contingencies and reserves require approval from the City Council.

As per the Code of Virginia, all appropriations lapse at year-end. Budgets for multi-year grants and capital projects are carried forward into the next fiscal year until the grant or project is complete. Budgets for encumbrances outstanding at the end of the fiscal year are also carried forward into the next fiscal year.

The government-wide financial statements of the Comprehensive Annual Financial Report (CAFR) are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989 generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenues include: 1) charges to customers for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, sewer, and airport funds are the charges to customers for sales and services. Operating expenses of enterprise funds and internal service funds include costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues from the use of money and property and from intergovernmental grants are recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 60 days thereafter. The primary revenues susceptible to accrual include property taxes, sales taxes, other local taxes, and intergovernmental revenues. The legal and contractual requirements of the individual programs are used as guidance. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

FINANCIAL POLICIES & PRACTICES

The City of Manassas and its governing body has a fiduciary responsibility to the City's citizens to prudently safeguard and properly account for all public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities.

The City Council recognizes that one of the keys to sound financial management is the development of financial policies. Effective fiscal policy contributes significantly to the City's ability to insulate itself from fiscal crisis, enhances short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible, promotes long-term financial stability by establishing clear and consistent guidelines, promotes the view of linking long-term financial planning with day-to-day operations, and provides the Council and the citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

Policy Statements P-2016-01 and P-2009-02 represent the financial policies for the City of Manassas. A summary of these policies can be found below.

BUDGET

Budget Adoption:

The provisions of the Code of Virginia and the City Code of Ordinances shall control the preparation, consideration, adoption, and execution of the budget of the City. The budget shall be adopted and appropriated by resolution with the concurrence of at least four members of City Council.

The City will annually adopt and execute a budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The budget shall control the levy of taxes and the expenditure of money for all City purposes during the ensuing fiscal year. The City budget shall be balanced within all available operating revenues, including the use of fund balance, and adopted by the City Council.

The budget is considered balanced when the total amount of revenues, including transfers in from other funds, equals the total amount of expenditures. However, the budget is also balanced in situations where total expenditures are less than total revenues, which is technically a surplus. There are also instances when the City might plan to spend fund balances from previous years on one-time or non-routine expenditures. The City considers the budget to be balanced in this case also, provided the funding from previous years is available, and a plan is in place to not build ongoing expenditures into this time of funding.

- Scenario 1: Revenues = Expenditures
- Scenario 2: Revenues > Expenditures (Contribution to Fund Balance)
- Scenario 3: Revenues < Expenditures (Use of Fund Balance)

Legal Level of Control:

The budget and appropriations of the City of Manassas shall be legally controlled at the fund level except for Manassas City Public Schools (MCPS). The budget and appropriation for MCPS shall be legally controlled at the total appropriation level.

Budget Amendments:

From time to time it may be necessary to amend the budget for unforeseen circumstances that arise during the year. The budget may be amended by resolution with the concurrence of at least four members of City Council. A public hearing shall be held prior to any amendment of the budget which is greater than 1% of the adopted budget.

The City Manager may approve transfers of budget and appropriations between departments within a fund and Department Directors may approve transfers of budget and appropriations within a department within a fund.

All transfers of budget and appropriations to and from contingencies and reserves shall require a resolution with the concurrence of at least four members of City Council even when these transfers may be within the legal level of budgetary control.

FINANCIAL POLICIES & PRACTICES

The City Council delegates to the City Manager the authority to transfer existing budget and appropriations of fifty thousand dollars (\$50,000) or less between funds even though this is outside the legal level of control. All transfers greater than \$10,000 but less than \$50,000 will be placed on the City Council Consent Agenda for consideration. Any transfers greater than \$50,000 will be considered by the Finance Committee prior to placing on the City Council Agenda.

Contributions/donations to the City of Manassas of ten thousand dollars (\$10,000) or less shall be placed directly on the consent agenda of the City Council.

Budget Performance Monitoring:

The Budget Department will maintain ongoing contact with the departmental fiscal officers during the process of the budget execution. Expenditure and revenue projections will be developed quarterly and reviewed with the Finance Committee of the City Council, the City Manager, and the Department Directors.

FIVE-YEAR FORECAST

The City will prepare and annually update a long range (5-year) financial forecast model utilizing trend indicators and projections of annual operating revenues, expenditures, capital improvements and related debt service and operating costs, and fund balance levels.

REVENUES

The City will strive to maintain diversified and stable revenue streams to protect the government from problematic fluctuations in any single revenue source and provide stability to ongoing services. Current revenues will fund current expenditures and a diversified and stable revenue system will be maintained to protect programs. The General Fund balance of the City (Unassigned Fund Balance) will not be used to finance current operations.

All fees established by the City for licenses, permits, fines, services, applications and other miscellaneous charges shall be set to recover all or a portion of the City's expense in providing the attendant service. These fees shall be reviewed annually with the development of the annual operating budget.

CAPITAL IMPROVEMENT PLAN

The City's assets are held primarily in the form of infrastructure, physical assets, or capital plant, such as roads, buildings, and equipment. Sound infrastructure is an important aspect of the quality of life, economic development, and the credit quality of the City. Dedicating resources to capital investment is appropriate for a growing City such as the City of Manassas. Committing to and implementing the City's capital investment program will protect its capital assets and minimize future maintenance and replacement costs.

Capital Improvement Budget Policies:

- The City will prioritize all capital improvements in accordance with an adopted capital improvement program.
- The City will develop a five-year plan for capital improvements and review and update the plan annually. The five-year plan will include projects for the City, including the utility systems (electric, water, sewer, stormwater, airport, etc.) and the Manassas City Public Schools.
- The City will coordinate development of the capital improvement program along with development of the operating budget.
- The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and City priorities.
- The City will maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
- The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.
- The City will attempt to determine the least costly and most flexible financing method for all capital projects.

FINANCIAL POLICIES & PRACTICES

Capital Improvement Plan (CIP) projects are defined as any major project requiring the expenditure of public funds that is over and above a normal operating expenditure for the purchase, construction, enhancement, or replacement of a physical infrastructure or asset. This includes land that is required for a project, equipment that is to be affixed to a building and “turn-key” equipment items for a new building to function appropriately such as furniture, computers, telephones, etc. Capital projects should have a cost of \$100,000 or more and a useful life of at least ten (10) years.

The adoption of the CIP by City Council is an indication of its support of both the capital projects that the City intends to pursue, and a plan for the anticipated levels of financing needed to fund these capital projects over the five-year period. The adoption of the CIP is neither a firm commitment to a particular project nor a limitation to a particular cost. As a basic tool for prioritizing and scheduling anticipated capital projects and capital financing, the CIP is a key element in planning and managing future debt service requirements. Only the first year of the CIP (FY 2017) represents a funding commitment for the project to proceed to the next stage or to be implemented depending on the level of funding provided.

DEBT MANAGEMENT

Pursuant to the Constitution of Virginia (the Constitution) and the City Charter, the City is authorized to issue bonds secured by a pledge of its full faith and credit and unlimited taxing power. There is no requirement in the Constitution, the Virginia Code or the City Charter that the issuance of general obligation bonds be subject to the approval of voters of the City at referendum. The issuance of general obligation bonds is subject to a constitutional limitation of ten percent (10%) of the assessed value of taxable real property.

The City generally follows the guidelines listed below in making financial decisions on debt issuance. Adherence to these guidelines allows the City to plan for the necessary financing of capital projects while maintaining its credit worthiness. In addition, continued adherence to these policies will preserve the City’s strong financial position.

General:

- The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues, except where approved justification is provided.
- The City will take a balanced approach to capital funding utilizing debt financing, capital reserves, and pay-as-you-go funding that will provide the least financial impact on the taxpayer.
- When the City finances capital improvements or other project by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project.
- Where feasible, the City will explore the usage of special assessment, operating revenue, or other self-supporting bonds instead of general obligation bonds.

Tax-Supported Debt Ratios:

- Net debt as a percentage of estimated market value of taxable real property shall not exceed 3.0%. Net debt is defined as any and all debt that is tax-supported. Should this ratio exceed 3%, staff must request an exception from the City Council stating the justification and expected duration of the policy exemption.
- Debt service expenditures a percentage of total governmental fund expenditures shall not exceed 15.0%. Should this ratio exceed 15%, staff must request an exception from the City Council stating the justification and expected duration of the policy exception.
- Payout of aggregate outstanding tax-supported debt principal shall be no less than 50% repaid in 10 years. Should this ratio fall below 50%, staff must request an exception from the City Council stating the justification and expected duration of the policy exception.

The City shall use an objective analytical approach to determine whether it can afford new or additional general purpose debt. This process shall use the City’s standards of affordability. These standards include the measures stated above.

FUND BALANCE

Unassigned Fund Balance:

After evaluating the City's operating characteristics, its emergency and disaster risks, its overall financial health, the diversity and flexibility of its tax base, the reliability of non-property tax revenue sources, the City's working capital needs, the impact of the Commonwealth of Virginia policies and budgets, and other contingent issues, the City Council hereby establishes that the unassigned fund balance of the City's general fund will be maintained between thirteen percent (13%) and fifteen percent (15%) of general fund operating revenues of the same fiscal year. For purposes of this policy, operating revenues are all revenues excluding other financing sources.

At the end of each fiscal year, all general fund revenues in excess of budget will first go into the unassigned fund balance, until the council approved unassigned general fund balance reserve level for the current fiscal year is met. After the fund balance level is met, the Manassas City School Board will receive a percent of the remaining excess of general tax revenue as identified in the most current Joint Budget Agreement. All other excess revenues over expenditures which have not been assigned or committed by City Council will be committed to the Capital Reserve Fund Balance.

It is the policy of the City Council to limit the use of the general fund unassigned fund balance to address unanticipated, non-recurring needs or known and planned future obligations. General fund unassigned fund balance shall not normally be applied to recurring annual operating expenditures. General fund unassigned fund balance may, however, be used to allow time for the City to restructure its operations in a deliberate manner. Such use will only take place in the context of long-term fiscal planning. In the event the City Council authorizes the use of general fund unassigned fund balance, the authorization must be accompanied by a plan to replenish the unassigned fund balance. The City shall restore the unassigned General Fund Balance to the minimum level established by council policy from general fund operating revenues within two (2) fiscal years following the fiscal year in which the event occurred. If necessary, the plan to restore the unassigned General Fund Balance shall be included and highlighted in the City's Adopted Five-Year Forecast.

Assigned or Committee Fund Balance:

The City Council may assign or commit fund balance by way of a Resolution. Assigned or committed fund balance may be unassigned or uncommitted by City Council by way of a Resolution.

Capital Reserve Fund Balance:

The Capital Reserve Fund Balance is to be used for non-reoccurring needs of the City as determined by the City Council. Only the City Council may authorize the use of the Capital Reserve Fund Balance by way of a Resolution budgeting and appropriating the funds.

PURCHASING

The City follows the Virginia Public Procurement Act, which requires contracts over \$30,000 with nongovernmental contractors to be awarded after competitive sealed bidding or competitive negotiation, unless otherwise authorized by law. Professional services shall be procured by competitive negotiation.

It is the Policy of the City that all public contracts over \$3,000 with nongovernmental contractors for the purchase or lease of goods or for the purchase of nonprofessional services shall be awarded based on competitive principles and competition shall be sought to the maximum feasible degree, unless otherwise exempted or authorized by law.

Goods valued at \$5,000 are considered capital assets. Purchase of capital assets must be approved by City Council specifically in the budget process or through a resolution prior to the issuance of purchase orders or contracts.

MOTION: BASS

**June 27, 2016
Regular Meeting
Res No. R-2016-40**

SECOND: AVENI

RE: RESOLUTION TO ADOPT AND APPROPRIATE THE ANNUAL OPERATING BUDGET AND THE FIRST YEAR OF THE FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR THE FISCAL YEAR BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017

WHEREAS, the Council of the City of Manassas has held seven (7) work sessions to consider the City Manager's and School Board's recommendations for the FY 2017 budget; and

WHEREAS, the budget was advertised on April 13, 2016, and a public hearing was held on April 25, 2016, in accordance with Section 15.1-162 of the Code of Virginia; and

WHEREAS, this Resolution does hereby repeal Resolution R-2016-31.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Manassas, Virginia meeting in regular session this 27th day of June, 2016, that:

Section 1. The budget for the fiscal year beginning July 1, 2016 and ending June 30, 2017 is hereby adopted and appropriated from the revenues of the City as follows:

General Fund	\$107,228,620
Family Services Fund	5,957,920
Speiden Carper House Fund	5,670
Owens Brooke Special District	40,200
Fire and Rescue Fund	9,947,580
PEG Fund	165,000
Sewer Utility Fund	14,933,100
Water Utility Fund	9,696,590
Electric Utility Fund	41,106,270
Stormwater Fund	1,162,370
Airport Fund	2,721,300
Solid Waste Fund	3,401,710
Building Maintenance Fund	1,538,800
Vehicle Maintenance Fund	4,228,300
Information Technology Fund	3,533,830
Debt Service Fund	10,563,030
Cemetery Trust Fund	30,000
Manassas City Public Schools	119,704,916
Total	<u>\$335,965,206</u>

June 27, 2016
Regular Meeting
Res. No. R-2016-40
Page Two

Section 2. The appropriation to the Manassas City Public Schools shall be legally controlled at the total appropriation level. Appropriations to all other funds shall be legally controlled at the fund level. Amendments to the budget and appropriations may be made in accordance with the City's Financial Policies (#P-2016-01).

Section 3. This Section does not apply to the Manassas City Public Schools. The Staffing Plan contained in the FY 2017 Adopted Budget and the City of Manassas Classification and Compensation Plan are authorized by Council. However, the City Manager is authorized to make any rearrangement of positions and compensation in so long as the affected fund's budget does not exceed the amount authorized in FY 2017 Adopted Budget.

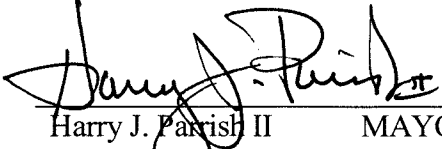
Section 4. The budget for the first year (FY 2017) of the Five Year Capital Improvement Program, containing capital projects necessary for the betterment of the community, is hereby adopted and appropriated in the amount of \$20,175,000 for capital projects and \$1,662,000 in maintenance capital projects and will remain in effect until completion of the projects.

Section 5. A portion of the City's obligation to the Virginia Railway Express (VRE) for FY 2017 is hereby adopted and appropriated in the amount of \$325,000 in the Northern Virginia Transportation Authority (NVTA) Fund.

Section 6. At the close of FY 2016, all appropriations lapse into fund balance. However, outstanding encumbrances and unexpended appropriations for grants, capital and other projects at June 30, 2016, are hereby reappropriated to the FY 2017 budget for the same purpose for which they were encumbered or appropriated for in the FY 2016 budget. The reappropriation of these funds is in addition to the appropriations in Section 1 and Section 4 of this resolution. Upon completion of a grant, capital or other project, staff will close out the project or grant and transfer remaining balances to other grants/projects as needed.

Section 7. An amount equivalent to the revenue generated by three-tenths of one cent (\$0.003) of the general real estate tax rate shall be transferred to the debt service fund and dedicated to future debt service.

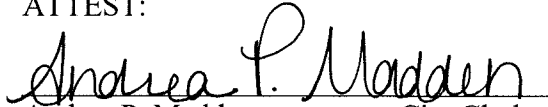
Section 8. This Resolution shall take effect July 1, 2016.



Harry J. Parrish II MAYOR
On Behalf of the City Council
of Manassas, Virginia

June 27, 2016
Regular Meeting
Res. No. R-2016-40
Page Three

ATTEST:


Andrea P. Madden City Clerk

Votes:

Ayes: Aveni, Bass, Elston, Lovejoy, Way

Nays: None

Absent from Vote: Wolfe

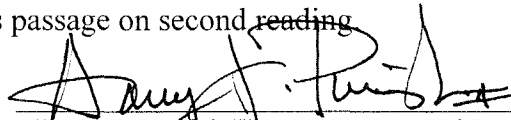
Absent from Meeting: Wolfe

ORDINANCE # O-2016-16

First Reading: May 11, 2016
Second Reading: May 16, 2016
Enacted: May 16, 2016
Effective: July 1, 2016

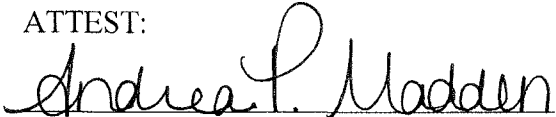
AN UNCODIFIED ORDINANCE SETTING THE REAL ESTATE TAX RATES FOR TAX YEAR 2017

1. **BE IT ORDAINED** that by the City Council of the City of Manassas, Virginia, meeting in special session this 16th day of May, 2016, that there shall be levied upon real estate within the City of Manassas the following taxes for tax year 2017:
 - (a) The real estate tax year in the City of Manassas is July 1st to June 30th.
 - (b) Real Estate in the City of Manassas: One Dollar and Twenty-Two Cents (\$1.220) per one hundred dollars (\$100.00) of assessed valuation.
 - (c) Real Estate in the Manassas Fire and Rescue District: Eighteen and Three Tenths Cents (\$0.183) per one hundred dollars (\$100.00) of assessed valuation.
 - (d) Real Estate in the Owens Brooke Special Taxing District: Thirteen and Two Tenths Cents (\$0.132) per one hundred dollars (\$100.00) of assessed valuation.
2. This ordinance shall take effect upon its passage on second reading.



Harry J. Parrish II MAYOR
On Behalf of the City Council
of Manassas, Virginia

ATTEST:



Andrea P. Madden City Clerk

MOTION: Way
SECOND: Bass
RE: Ordinance #O-2016-16
ACTION: Approved

Votes:

Ayes: Bass, Elston, Lovejoy and Way
Nays: Wolfe
Absent from Vote: Aveni
Absent from Meeting: Aveni

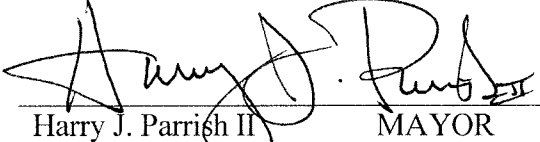
ORDINANCE # O-2016-15

First Reading:	May 11, 2016
Second Reading:	May 16, 2016
Enacted:	May 16, 2016
Effective:	July 1, 2016

AN UNCODIFIED ORDINANCE SETTING THE PERSONAL PROPERTY TAX RATES FOR TAX YEAR 2016

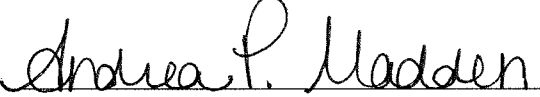
1. **BE IT ORDAINED** that by the City Council of the City of Manassas, Virginia, meeting in special session this 16th day of May, 2016, that there shall be levied upon personal property within the City of Manassas the following taxes for tax year 2016:
 - (a) The personal property tax year in the City of Manassas is January 1st to December 31st.
 - (b) Machinery and Tools: Two Dollars and Ten Cents (\$2.10) per one hundred dollars (\$100.00) of assessed valuation.
 - (c) Machinery and Tools Used in Semiconductor Manufacturing as defined by Section 58.1-3508.1 of the Code of Virginia (1950), as amended: Sixty-Four and Eight Tenths Cents (\$0.648) per one hundred dollars (\$100.00) of assessed valuation.
 - (d) Programmable Computer Equipment and Peripherals Employed in a Trade or Business as defined by Section 58.1-3506(A)(25) of the Code of Virginia (1950), as amended: One Dollar and Twenty-Five Cents (\$1.25) per one hundred dollars (\$100.00) of assessed valuation.
 - (e) Aircraft as defined by Section 5.1-3506(A)(2) and (3) of the Code of Virginia (1950), as amended: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.
 - (f) Antique motor vehicles as defined by Section 46.2-100 of the Code of Virginia (1950), as amended: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.
 - (g) Motor vehicles specially equipped to provide transportation for physically handicapped individuals as provided for by Section 58.1-3506(A)(12) of the Code of Virginia (1950), as amended: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.
 - (h) One motor vehicle owned by certain elderly and handicapped persons as provided for by Section 58.1-3506.1 of the Code of Virginia (1950), as amended: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.

- (i) One motor vehicle which is owned by each volunteer rescue squad member or volunteer fire department member, or leased by each volunteer rescue squad member or volunteer fire department member as defined by Section 58.1-3506(A)(13) of the Code of Virginia (1950), as amended: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.
 - (j) One motor vehicle which is owned by persons who have been appointed to serve as auxiliary police officers pursuant to Section 53.1-3503(A)(17) of the Code of Virginia (1950), as amended: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.
 - (k) One motor vehicle which is owned by persons who serve as auxiliary, reserve or special deputy sheriffs or leased by persons who serve as auxiliary, reserve or special deputy sheriffs as defined by Section 58.1-3506(A)(30) of the Code of Virginia (1950), as amended: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.
 - (l) One motor vehicle which is owned by persons who serve as auxiliary firefighter or rescue personnel or leased by persons who serve as auxiliary firefighter or rescue personnel as defined by Section 58.1-3506(A)(14) of the Code of Virginia (1950), as amended: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.
 - (m) Business Personal Property: Three Dollars and Seventy Cents (\$3.70) per one hundred dollars (\$100.00) of assessed valuation.
 - (n) Vehicles without motive power, used or designed to be used as manufactured homes as defined in § 36-85.3: One Dollar and Twenty-Two Cents (\$1.220) per one hundred dollars (\$100.00) of assessed valuation.
 - (o) Motor vehicles (i) owned by persons who serve as uniformed members of the Virginia Defense Force pursuant to Article 4.2 (§ 44-54.4 et seq.) of Chapter 1 of Title 44 of the Code of Virginia or (ii) leased by persons who serve as uniformed members of the Virginia Defense Force pursuant to Article 4.2 (§ 44-54.4 et seq.) of Chapter 1 of Title 44 of the Code of Virginia if the person is obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle: One Thousandth of One Cent (\$0.00001) per one hundred dollars (\$100.00) of assessed valuation.
 - (p) All Tangible Personal Property except as specified in (a) through (o): Three Dollars Twenty Five Cents (\$3.25) per one hundred dollars (\$100.00) of assessed valuation.
2. This ordinance shall take effect upon its passage on second reading.



Harry J. Parrish II MAYOR
On Behalf of the City Council
of Manassas, Virginia

ATTEST:



Andrea P. Madden City Clerk

MOTION: Wolfe
SECOND: Lovejoy
RE: Ordinance #O-2016-15
ACTION: Approved

Votes:
Ayes: Bass, Elston, Lovejoy, Way and Wolfe
Nays: None
Absent from Vote: Aveni
Absent from Meeting: Aveni

The following is an excerpt from the City of Manassas Financial Policies (Policy Statement P-2016-01):

3.01 Balanced Budget

The provisions of the Code of Virginia and the City Code of Ordinances shall control the preparation, consideration, adoption and execution of the budget of the City. The budget shall be adopted and appropriated by resolution with the concurrence of at least four members of City Council.

The City will annually adopt and execute a budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The budget shall control the levy of taxes and the expenditure of money for all City purposes during the ensuing fiscal year. The City budget shall be balanced within all available operating revenues, including the fund balance, and adopted by the City Council.

3.02 Legal Level of Control

The budget and appropriations of the City of Manassas shall be legally controlled at the fund level except for Manassas City Public School (MCPS). The budget and appropriation for MCPS shall be legally controlled at the total appropriation level.

3.03 Amendment of the Budget

From time to time it may be necessary to amend the budget for unforeseen circumstances that arise during the year. The budget may be amended by resolution with the concurrence of at least four members of City Council.

A public hearing shall be held prior to any amendment of the budget which is greater than 1% of the adopted budget. The public hearing and notice of such hearing shall be in accordance with the Code of Virginia Section 15.2-2507.

The City Manager may approve transfers of budget and appropriations between departments within a fund and Department Directors may approve transfers of budget and appropriations within a department within a fund.

All transfers of budget and appropriations to and from contingencies and reserves shall require a resolution with the concurrence of at least four members of City Council even when these transfers may be within the legal level of budgetary control.

The City Council delegates to the City Manager the authority to transfer existing budget and appropriations of fifty thousand dollars (\$50,000) or less between funds even though this is outside the legal level of control. All transfers greater than \$10,000 but less than \$50,000 will be placed on the City Council Consent Agenda for consideration. Any transfers greater than \$50,000 will be considered by the Finance Committee prior to placing on the City Council Agenda.

Contributions/donations to the City of Manassas of ten thousand dollars (\$10,000) or less shall be placed directly on the consent agenda of the City Council.

3.04 Use of Current Revenues to Support Current Expenditures

Ongoing and stable revenues will be used to support ongoing operating costs.

3.05 Use of One-Time Revenue and One-Time Expenditure Savings

The use of one-time revenues and one-time expenditure savings (excess cash balances) will be used for non-recurring expenditures.

3.06 Review of Fees and Charges

Fees established by the City for licenses, permits, fines, services, applications and other miscellaneous charges shall be set to recover all or a portion of the City's expense in providing the attendant service and reviewed annually with the development of the annual operating budget.

3.07 Revenue and Expenditure Projections

The City will prepare and annually update a long range (5-year) financial forecast model utilizing trend indicators and projections of annual operating revenues, expenditures, capital improvements and related debt service and operating costs, and fund balance levels.

3.08 Budget Performance Monitoring

The Budget Department will maintain ongoing contact with the departmental fiscal officers during the process of the budget execution. Expenditure and revenue projections will be developed quarterly and reviewed with the Finance Committee of the City Council, the City Manager, and the Department Directors. The City Manager through the Finance Department will exercise appropriate fiscal management as necessary to live within the limits of the adopted budget.

3.09 Maintenance of Capital Assets

The budget should provide sufficient funds for regular repair and maintenance of capital assets.

3.10 Fund Balance Levels

The City will employ sound financial management principles to include the establishment of an Unassigned General Fund balance with sufficient working capital to mitigate current and future risk of revenue shortfalls and provide a reserve for unanticipated expenditures or emergencies, and other non-recurring uses.

The following is an excerpt from the City of Manassas Financial Policies (Policy Statement P-2016-01):

6.01 Unassigned Fund Balance

After evaluating the City's operating characteristics, its emergency and disaster risks, its overall financial health, the diversity and flexibility of its tax base, the reliability of non-property tax revenue sources, the City's working capital needs, the impact of the Commonwealth of Virginia policies and budgets, and other contingent issues, the City Council hereby establishes that the unassigned fund balance of the City's general fund will be maintained between thirteen percent (13%) and fifteen percent (15%) of general fund operating revenues of the same fiscal year. For purposes of this policy, operating revenues are all revenues excluding other financing sources.

6.02 Assigned or Committed Fund Balance Level

The City Council may assign or commit fund balance by way of a Resolution. Assigned or committed fund balance may be unassigned or uncommitted by City Council by way of a Resolution.

6.03 Maintenance of Unassigned Fund Balance Level

At the end of each fiscal year, all general fund revenues in excess of budget will first go into the unassigned fund balance, until the council approved unassigned general fund balance reserve level for the current fiscal year is met. After the fund balance level is met, the Manassas City School Board will receive a percent of the remaining excess of general tax revenue as identified in the most current Joint Budget Agreement. All other excess revenues over expenditures which have not been assigned or committed by City Council will be committed to the Capital Reserve Fund Balance.

6.04 Capital Reserve Fund Balance Level

The Capital Reserve Fund Balance is to be used for non-reoccurring needs of the City as determined by the City Council. Only the City Council may authorize the use of the Capital Reserve Fund Balance by way of a Resolution budgeting and appropriating the funds.

6.05 Use of Unassigned Fund Balance

It is the policy of the City Council to limit the use of the general fund unassigned fund balance to address unanticipated, non-recurring needs or known and planned future obligations. General fund unassigned fund balance shall not normally be applied to recurring annual operating expenditures. General fund unassigned fund balance may, however, be used to allow time for the City to restructure its operations in a deliberate manner. Such use will only take place in the context of long-term fiscal planning.

6.06 Replenishment of Unassigned Fund Balance

In the event the City Council authorizes the use of general fund unassigned fund balance, the authorization must be accompanied by a plan to replenish the unassigned fund balance. The City shall restore the unassigned General Fund Balance to the minimum level established by council policy from general fund operating revenues within two (2) fiscal years following the fiscal year in which the event occurred. If necessary, the plan to restore the unassigned General Fund Balance shall be included and highlighted in the City's Adopted Five-Year Forecast.

POLICY STATEMENT #P-2009-02

REGULAR CITY COUNCIL MEETING
September 22, 2008

Re: CITY OF MANASSAS PURCHASING POLICY

It is the policy of the City, that pursuant to provisions of the Virginia Public Procurement Act (Chapter 7 of Title 11, §2.2-4300 through 2.2-4377 of the Virginia Code (1950), as amended) the following be adopted.

METHOD OF PROCUREMENT

1. All public contracts over \$30,000 with nongovernmental contractors for the purchase or lease of goods, or for the purchase of services, insurance, or construction shall be awarded after competitive sealed bidding or competitive negotiation as required by the Virginia Public Procurement Act, unless otherwise authorized by law. Professional services shall be procured by competitive negotiation.
2. All public contracts over \$3,000 with nongovernmental contractors for the purchase or lease of goods or for the purchase of nonprofessional services or construction shall be awarded based on competitive principles and competition shall be sought to the maximum feasible degree, unless otherwise exempted or authorized by law.
3. The following items are exempted from the City's competitive procurement policy and are in addition to exceptions allowed by the Virginia Public Procurement Act.
 - a. Books, Manuscripts, Maps and Pamphlets
 - b. Dues, Subscription and Publications
 - c. Educational Films
 - d. Used Vehicles, Machinery and Equipment
 - e. Insurance Claims
 - f. Perishable Foodstuffs
 - g. Postage
 - h. Training, Educational Services and Conferences
 - i. Travel, Room and Board
 - j. Tuition

CAPITAL PURCHASES

4. Goods valued at \$5,000 are considered capital assets. Purchase of Capital Assets must be approved by Council specifically in the budget process. If the Capital Asset has not been specifically identified and approved in the budget process, the department must submit a resolution to Council for approval of purchase prior to award of purchase order or contract.

MOTION: AVENI

October 19, 2015

SECOND: WOLFE

Regular Meeting

Res. No. R-2016-15

RE: JOINT RESOLUTION BY AND BETWEEN THE CITY COUNCIL OF THE CITY OF MANASSAS AND THE SCHOOL BOARD OF THE CITY OF MANASSAS APPROVING THIS JOINT BUDGET AGREEMENT

WHEREAS, the City Council adopted a motion during the 2016 budget discussions to meet with members of the School Board once the FY 2016 Budget was adopted to review the Joint Budget Resolution; and

WHEREAS, the City Council and the School Board appointed a joint finance committee to meet and discuss options in regards to the current funding agreement with the Manassas City Public Schools (MCPS) and other funding alternatives; and

WHEREAS, the joint finance committee agreed that a predictable local revenue base to support education in the City is a desirable and preferred method of providing City funding to the support the operations of the MCPS; and

WHEREAS, over the course of five meetings the joint finance committee agreed to a three year joint budget agreement with the amount budgeted in fiscal year 2016 as the base year amount and increasing in fiscal years 2017, 2018 and 2019 by 2.625%; and

WHEREAS, prior to the fiscal year 2019 budget discussions, the joint committee recommended that a joint committee be appointed to consider funding options to support the operations of the MCPS after the end of fiscal year 2019.

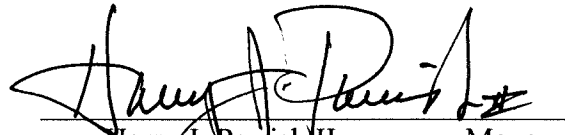
NOW THEREFORE BE IT RESOLVED that the Manassas City Council and the Manassas City School Board do hereby agree to support the following:

1. The FY 2016 City Council allocation to the MCPS of \$52,808,380 will serve as the base year of this agreement.
2. That the City allocation to the MCPS budget will be increased by 2.625% annually over the next three years to establish the base budgets of

FY 2017	\$54,194,600
FY 2018	\$55,617,210
FY 2019	\$57,077,160
3. That the School Board will use this allocation in the preparation of the overall MCPS budget to be presented to City Council as required by statute.

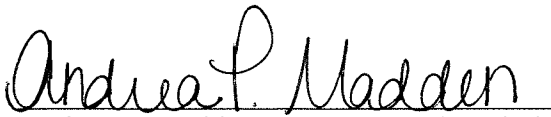
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Res. No. R-2016-15
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4. That the School Board may continue to maintain an Undesignated Fund Balance and may reallocate or carry-over unexpended budget allocations. The allocation of fund balance by the MCPS will be included in their budget proposal and unexpended capital expenditures will be automatically carried over at the close of each fiscal year.
5. That this agreement is for three years beginning with the FY 2017 budget and a joint group from the School Board and City Council will be appointed before the preparation of the FY 19 budget to determine if this agreement should be continued or revised.
6. That the City Council or the School Board may initiate discussions to re-examine this resolution at an earlier time if circumstances warrant.
7. That this resolution supersedes the Memorandum of Understanding between the City of Manassas Council and the Manassas City School Board regarding the Adopted 2014-18 Capital Improvement Plan dated February 7, 2014, Resolutions R-2009-53 dated February 23, 2009, R-2001-90 dated January 25, 2001, and R-2001-01 dated January 23, 2001.



Harry J. Parrish II Mayor
On behalf of the City Council
of Manassas, Virginia

ATTEST:



Andrea P. Madden City Clerk

Votes:

Ayes: Aveni, Bass, Elston, Lovejoy, Way, Wolfe

Nays: None


Absent from Vote: None

Absent from Meeting: None

**October 19, 2015
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Page Three**

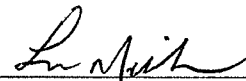
Approved by the School Board of the City of Manassas, Virginia on the following date:

October 27, 2015.



Tim Demeria Chairman
On behalf of the School Board of
the City of Manassas, Virginia

ATTEST:



Lee Miller Deputy Clerk

Votes:

Ayes: Demeria, Albrecht, Bushnell, Williams, Kiefer

Nays: None

Absent from Vote: None

Absent from Meeting: Purdy, Sebesky

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